

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2019-20

DEPARTMENT OF NATURAL RESOURCES

(Division of Reclamation, Mining, and Safety, Oil and Gas
Conservation Commission, State Board of Land Commissioners,
and Severance Tax Policy)

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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HOW TO USE THIS DOCUMENT

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

DEPARTMENT OVERVIEW

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The following Department Divisions are discussed in this packet:

- The DIVISION OF RECLAMATION, MINING, AND SAFETY (DRMS) regulates development and reclamation at active mining sites, reclaims abandoned mine sites, and provides safety training for mine operators and employees.
- The OIL AND GAS CONSERVATION COMMISSION (OGCC) fosters the exploration, development, and conservation of Colorado's oil and natural gas resources by issuing permits, conducting inspections, responding to complaints from the public, pursuing enforcement actions, and engaging in public outreach efforts.
- The STATE BOARD OF LAND COMMISSIONERS (State Land Board) manages agricultural, commercial, mineral, and other leases on state-owned lands to generate reasonable and consistent revenue for public schools and other trust beneficiaries over time.
- This packet also includes information to facilitate discussion regarding SEVERANCE TAX POLICY.

SUMMARY OF STAFF RECOMMENDATIONS

DIVISION OF RECLAMATION, MINING, AND SAFETY; OIL AND GAS CONSERVATION COMMISSION; AND STATE BOARD OF LAND COMMISSIONERS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$31,125,790	\$0	\$27,408,663	\$225,000	\$3,492,127	224.1
TOTAL	\$31,125,790	\$0	\$27,408,663	\$225,000	\$3,492,127	224.1
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$31,125,790	\$0	\$27,408,663	\$225,000	\$3,492,127	224.1
BA2 Additional oil and gas field inspectors and support staff	1,007,408	0	1,007,408	0	0	11.0
R2 Additional staffing to address oil and gas backlogs	570,564	0	570,564	0	0	5.0
Annualize prior year salary survey	539,472	0	454,155	0	85,317	0.0
Annualize SB 18-200 (PERA)	46,945	0	39,650	0	7,295	0.0
NP DPA IDS Increased costs	833	0	477	0	356	0.0
Annualize prior year budget action	(117,063)	0	(117,063)	0	0	0.0
Staff initiated federal funds reduction	(100,000)	0	0	0	(100,000)	0.0
Indirect cost assessment adjustment	(53,015)	0	(42,227)	0	(10,788)	0.0
TOTAL	\$33,020,934	\$0	\$29,321,627	\$225,000	\$3,474,307	240.1
FY 2019-20 RECOMMENDED APPROPRIATION FOR LINE ITEMS IN EXECUTIVE DIRECTOR'S OFFICE						
BA2 Additional oil and gas field inspectors and support staff	\$176,568	\$0	\$176,568	\$0	\$0	0.0
R2 Additional staffing to address oil and gas backlogs	59,374	0	59,374	0	0	0.0
TOTAL	\$235,942	\$0	\$235,942	\$0	\$0	0.0

DIVISION OF RECLAMATION, MINING, AND SAFETY; OIL AND GAS CONSERVATION COMMISSION; AND STATE BOARD OF LAND COMMISSIONERS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	\$1,895,144	\$0	\$1,912,964	\$0	(\$17,820)	16.0
Percentage Change	6.1%	n/a	7.0%	0.0%	(0.5%)	7.1%
FY 2019-20 EXECUTIVE REQUEST	\$33,121,481	\$0	\$29,321,941	\$225,000	\$3,574,540	240.1
Request Above/(Below) Recommendation	\$100,547	\$0	\$314	\$0	\$100,233	0.0

DESCRIPTION OF INCREMENTAL CHANGES

BA2 ADDITIONAL OIL AND GAS FIELD INSPECTORS AND SUPPORT STAFF: The recommendation includes \$1,007,408 cash funds in the Oil and Gas Conservation Commission and \$176,568 in the Executive Director's Office for 11.0 FTE to increase the rate of inspection of oil and gas properties. A summary table for the requested positions for this item and the next are combined after the next item's description.

R2 ADDITIONAL STAFFING TO ADDRESS OIL AND GAS BACKLOGS: The recommendation includes \$570,564 cash funds in the Oil and Gas Conservation Commission and \$59,374 cash funds in the Executive Director's Office for 5.0 FTE to address backlogs in permitting and final inspections for oil and gas operations. The following table summarizes all 16.0 FTE requested by position and cost.

SUMMARY OF COMBINED BA2 AND R2 OGCC REQUESTS					
POSITION OR ITEM	AMOUNT REQUESTED	PERSONAL SERVICES PER FTE	OPERATING PER FTE	TOTAL PER FTE	TOTAL REQUESTED
Permitting Technician	1.0	\$84,873	\$5,903	\$90,776	\$90,776
Engineer	3.0	115,182	7,178	122,360	367,080
Reclamation Specialist	1.0	87,069	17,924	104,993	104,993
Field Inspector	5.0	84,873	20,584	105,457	527,285
Data Analyst	1.0	69,499	6,053	75,552	75,552
Environmental Protection Specialist	2.0	100,247	15,464	115,711	231,422
Enforcement Officer	2.0	95,855	6,403	102,258	204,515
Program Assistant	1.0	65,588	5,653	71,241	71,241
Temps (2,080 hours each)	2.0	0	\$35.15/hour	73,112	146,224
Vehicle lease payments*	7.0	0	2,140	2,140	14,980
Leased Space	1,500 sqft	0	\$26/sqft	39,000	39,000
Total					1,873,068

*Note: The Department's original request assumed an average of 16,000 miles driven by inspectors and reclamation specialists and the amended request assumes 21,000 for inspectors and 11,000 for environmental protection specialists. This tables assumes 21,000 for inspectors, 16,000 for reclamation specialists, and 11,000 for environmental protection specialists, thus the slight difference in total request amount from the narrative (\$1,873,859).

ANNUALIZE PRIOR YEAR SALARY SURVEY: The recommendation includes an increase of \$539,472 to reflect annualization of salary survey decisions made last years.

ANNUALIZE S.B. 18-200 (PERA): The recommendation includes an increase of \$46,945 total funds for the annualization of S.B. 18-200 (PERA).

NP DPA IDS INCREASED COSTS: The recommendation includes an increase of \$833 total funds to reflect JBC action taken on the Department of Personnel's increased material and postage costs for the divisions included in this document.

ANNUALIZE PRIOR YEAR BUDGET ACTION: The recommendation includes a decrease of \$117,063 cash funds to reflect the second-year impacts of adding additional FTE to the Department for flowline safety. This reduction reflects no longer needing funding requested in the first year for equipment needed by the FTE.

STAFF INITIATED FEDERAL FUNDS REDUCTION: The recommendation includes a decrease of \$100,000 federal funds to reflect reversions recently reported by the Coal program in FY 2016-17 and FY 2017-18.

INDIRECT COST ASSESSMENT ADJUSTMENT: The recommendation includes a decrease of \$53,015 total funds to reflect the amount of indirect costs recovered from the divisions included in this document to fund items in the Executive Director's Office.

MAJOR DIFFERENCES FROM THE REQUEST

The JBC staff recommendation is \$159,945 total funds lower than the Department request in the Executive Director's Office:

- \$59,945 cash funds of the difference is because the Department requested compensation common policies for 12 months and the staff recommendation included them for only 9 months; and
- \$100,000 federal funds lower due to a staff-initiated reduction to the Coal Land Reclamation line item to reflect recent reversions.

DECISION ITEMS AFFECTING MULTIPLE DIVISIONS

→ COMBINED R2 ADDITIONAL STAFFING TO ADDRESS OIL AND GAS BACKLOGS AND BA2 ADDITIONAL OIL AND GAS FIELD INSPECTORS AND SUPPORT STAFF

REQUEST: The Department requests an increase of \$1,873,859 cash funds, from the Oil and Gas Conservation Commission and Environmental Response Fund (Environmental Response Fund) and 16.0 FTE to address backlogs in permitting and increased demand for inspections by the public, which has resulted in the average inspection rate state-wide dropping from once every 1.3 years to once every 1.8 years. The Department's request began as a request for \$648,304 cash funds and 5.0 FTE, with positions in permitting, engineering, inspecting, reclamation, and funding for two temporary staff to assist with processing documents submitted by operators and reports from OGCC staff. On January 15, the Governor submitted a budget amendment to increase the original request by \$1,225,555 and 11.0 FTE focused entirely on increasing the number of inspectors visiting oil and gas sites and the subsequent work generated by increased inspections.

RECOMMENDATION: JBC staff recommends approving \$1,813,914 total funds and 16.0 FTE. The difference between the Department request and JBC staff recommendation is staff is recommending funding compensation common policies for 9 months of the year instead of 12 months, as requested. While JBC policy is to include no appropriations for compensation common policies in the first year for requests of less than 20.0 FTE, staff recommends deviating from the policy primarily because the request nearly rises to 20.0 FTE and the program is cash funded and likely to face issues absorbing an entire year of those centralized costs from the Environmental Response Fund for 16.0 FTE.

DISCUSSION:

PERMITTING

As of February 15, 2019, the OGCC has 6,413 Applications for Permit to Drill (APDs) awaiting review from an OGCC permit technician. In FY 2017-18, a record high of 7,664 APDs were submitted to the OGCC. With the growing backlog, the industry is currently submitting monthly prioritization lists for their pending APDs. While JBC staff is sure the industry does not find the additional work ideal, it is a solution industry supports given current conditions. However, the additional work for OGCC, checking and updating prioritization lists, creates an inefficient process overall.

The Department currently has 12.0 FTE dedicated to the permitting unit, 9.0 FTE are permitting technicians with 3.0 FTE in supervisory positions. The unit approved 3,804 APDs in FY 2017-18, a record for them and an increase of 11 percent over the previous year by utilizing temporary staff hired for 9 months of the fiscal year equal to 2.5 FTE. This request adds one permitting technician position to the Department.

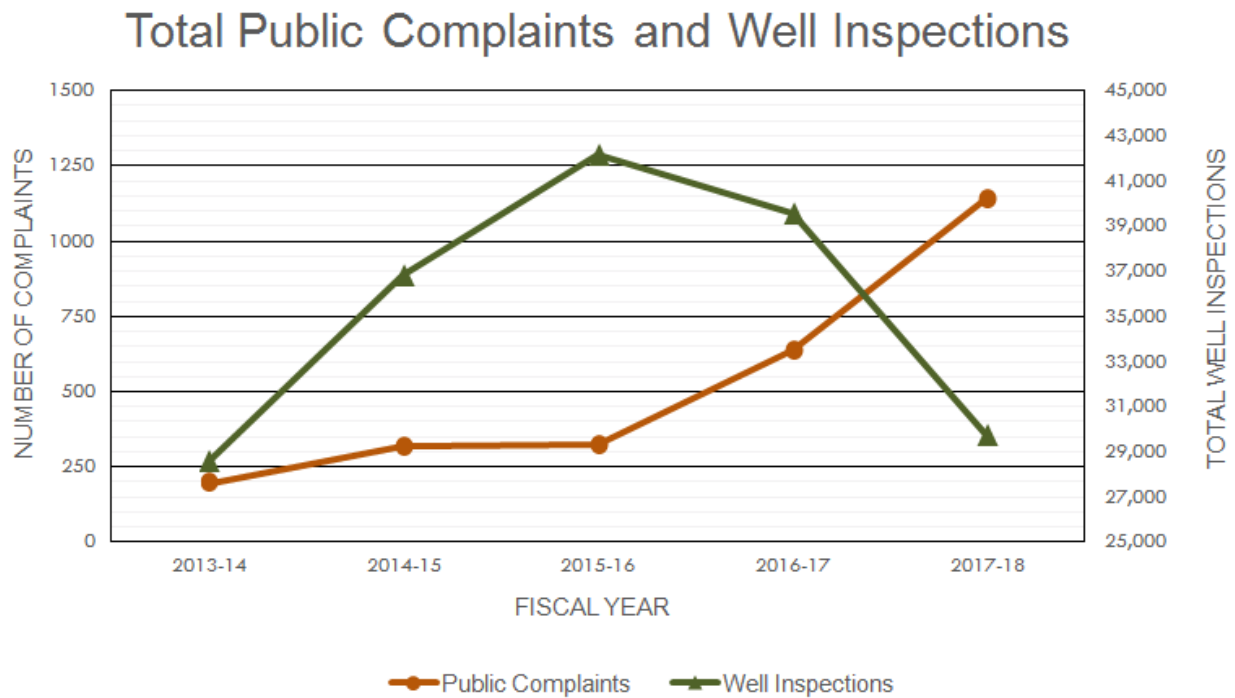
Temporary staff hired are typically young geologists or engineers with around 5 years of experience. The OGCC has implemented a practice where it essentially treats its temporary employees as potential future full-time hires. When the OGCC observes one of its temporary staff persons performing the job in a manner that demonstrates high-value it will often try to hire that person permanently when a vacancy arises. JBC staff had some concern over the use of temporary staff for tasks that require specific technical knowledge, but JBC staff views using temporary staff as a way to reduce backlogs, and train and evaluate potential full-time staff as a valuable use of limited resources.

The Department's January 15 budget amendment did not include any additional resources specifically for permitting beyond those in the initial request. By the Department's own admissions, the original request was very conservative and was made before the outcomes of Proposition 112 and Amendment 74 were known. Further, the original request was the minimum the Department calculated would be needed to hold backlogs Commission-wide steady and would not reduce or resolve the backlog. The total cost to add one permit technician, including operating expenses but excluding compensation common policies, is \$68,903.

Many of the tasks performed by one section of the OGCC drives the workload of other sections. When more wells are permitted, those new sites must be inspected at various critical stages of development and production. As Colorado continues to experience a relative boom in the oil and gas industry, more inspectors are needed to ensure the industry is protecting the environment and public health consistent with statutory and regulatory requirements.

INSPECTIONS

As is now known, the proposition and constitutional amendment both failed, and the incoming administration has set a high priority on reducing the impacts of oil and gas activity on communities. One step towards achieving that goal is for the OGCC to boost its field inspection staff to ensure operators comply with state rules and the conditions of approval on their permits, many of which are site-specific as a result of local government and public input. More field inspectors would also reverse the trend of declining inspections. As shown in the graph on the following page, the number of total field inspections has fallen in recent years—from a high of 42,150 in FY 2015-16 to 29,753 in FY 2017-18—causing the statewide average inspection rate to worsen from once every 1.3 years in FY 2015-16 to once every 1.8 years in FY 2017-18.



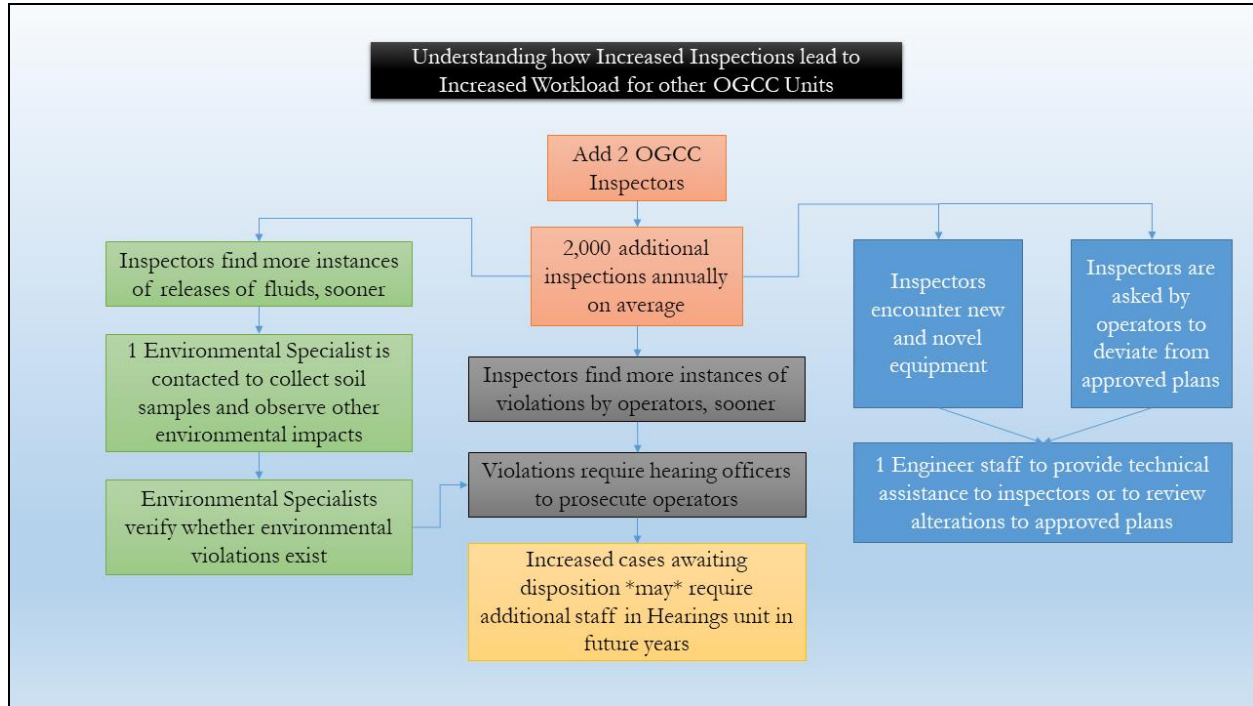
The decline in the overall number of inspections is due to a number of factors. The primary factors driving the decline in the frequency of inspections are to the length of time it has been taking to: (1) respond to the increasing number of public complaints, the inspection unit's highest priority; and (2) to witness other high priority events, such as the spudding (initial drilling), hydraulic fracturing, and plugging of wells near residential areas. Routine inspections are important because they can result in the OGCC finding spills, permit violations, and other situations that pose risks to the public, the environment, and wildlife.

The Department requests 5.0 FTE for field inspectors to address these concerns. The remainder of the request is being made in anticipation of the support those inspectors need and the workload their reports will generate for other sections of the Commission. Years of experience has taught the OGCC that the addition of FTE must be done in a balanced fashion because adding staff in one section increases the workload for others.

For example, field inspectors discover spills and releases of fluids, such as produced water, oil, and condensate, all of which can potentially contain the carcinogen benzene. Soil samples need to be properly collected and thoroughly analyzed by environmental staff to determine the vertical and horizontal extent of contamination. Inspectors also frequently have questions about pits they come across. For instance, they may find oil in a pit designated for produced water, or they may question the condition of a pit liner. These and other environmental-related issues are often transferred to environmental staff. Therefore, for efficient handoffs and timely resolution of issues, it is important to maintain OGCC's ratio of one environmental staff member for every two field inspectors. Accordingly, this request for five field inspectors includes two additional environmental protection specialists who will work from home-based offices and require individually assigned state vehicles.

Field inspectors also rely on engineering staff to quickly answer questions that arise during operations such as drilling, plugging, and mechanical integrity tests. Field inspectors consult with an engineer over the phone whenever they see things they are unfamiliar with or that simply do not seem right. Additionally, in some cases, the operator conducting the work needs to deviate from previously approved plans. In these situations, the field inspector can review the situation over the phone with an OGCC engineer, who can provide verbal approvals to the inspector and operator, as appropriate, allowing the work to proceed. As with the environmental staff, the current ratio of about one engineer for every two field inspectors needs to be maintained; therefore two additional engineers are included in this request.

Additional inspectors also lead to the discovery of more violations, hence more workload for enforcement staff. The OGCC has discovered that the current ratio of about 0.13 enforcement officers for every field inspector is out of balance. This imbalance has led to a backlog of about 160 enforcement cases. This backlog cannot be addressed in the near term at the current rate of prosecution. Moving forward, the OGCC considers it necessary to add one enforcement officer for every two new field inspectors until the backlog of enforcement cases is brought down to a reasonable level. Therefore, this request includes a total of two enforcement officers. Enforcement officers will likely drive more work for hearings officers, however, the impact to the Hearings section is more delayed than the work inspectors drive for other sections. As such, the Department did not request additional resources for the Hearings section. The following image depicts work driven by inspectors.



SALARY REQUESTS THAT EXCEED THE RANGE MINIMUM

It is standard practice for agencies to hire staff at the minimum salary for the range approved for the position requested. The Department's request includes hiring a number of the requested FTE at a salary that exceeds the position's salary range because the Department competes directly with the oil and gas industry for these positions. The requested salary for the data analyst and the program assistant are made at the range minimums, because the Department does not compete directly for these positions. Those with a premium follow:

- Engineer at an 18 percent premium, \$87,840;
- Reclamation specialist at an 16 percent premium, \$64,800;
- Permit technician at a 21 percent premium, \$63,000
- Environmental protection specialists at a 17 percent premium, \$75,500; and
- Enforcement officer at a 15 percent premium; \$72,000;

JBC staff is recommending approving additional funding to ensure the OGCC can recruit and retain staff with desirable skills. The following table summarizes the Department's request and includes estimated total costs per FTE to assist the Committee in understanding the cost of adding additional staff of each kind. Inspectors, environmental protection specialists, and reclamation specialists all require a vehicle as well, so their costs require an additional \$2,140 each if added.

SUMMARY OF DEPARTMENT REQUEST					
POSITION OR ITEM	AMOUNT REQUESTED	PERSONAL SERVICES PER FTE	OPERATING PER FTE	TOTAL PER FTE	TOTAL REQUESTED
Permitting Tech	1.0	\$84,873	\$5,903	\$90,776	\$90,776
Engineer	3.0	115,182	7,178	122,360	367,080
Reclamation Specialist	1.0	87,069	17,924	104,993	104,993
Field Inspector	5.0	84,873	20,584	105,457	527,285
Data Analyst	1.0	69,499	6,053	75,552	75,552
Environmental Protection Specialist	2.0	100,247	15,464	115,711	231,422

SUMMARY OF DEPARTMENT REQUEST					
POSITION OR ITEM	AMOUNT REQUESTED	PERSONAL SERVICES PER FTE	OPERATING PER FTE	TOTAL PER FTE	TOTAL REQUESTED
Enforcement Officer	2.0	95,855	6,403	102,258	204,515
Program Assistant	1.0	65,588	5,653	71,241	71,241
Temps (2,080 hours each)	2.0	0	\$35.15/hour	73,112	146,224
Vehicle lease payments*	7.0	0	2,140	2,140	14,980
Leased Space	1,500 sqft	0	\$26/sqft	39,000	39,000
Total					1,873,068

*Note: The Department's original request assumed an average of 16,000 miles driven by inspectors and reclamation specialists and the amended request assumes 21,000 for inspectors and 11,000 for environmental protection specialists. This tables assumes 21,000 for inspectors, 16,000 for reclamation specialists, and 11,000 for environmental protection specialists, thus the slight difference in total request amount from the narrative (\$1,873,859).

PLUGGED AND ABANDONED WELLS, DRY AND ABANDONED WELLS, ABANDONED SITES, AND ORPHAN WELLS

As of November 1, 2018, the Department noted a backlog of 19,284 sites at an estimated 9,642 locations were awaiting a final reclamation inspection from the OGCC. Each of these wells or processing sites has an operator that is still responsible for the site and liable for any violations that occur on them. These are sites with designations of plugged and abandoned, dry and abandoned, or abandoned sites, and does not include any orphan wells for which the state is responsible for reclamation. As of November 30, 2018, OGCC's Orphan Site List includes a total of 248 orphaned wells and 375 associated orphaned sites. The plugging and reclamation of orphan wells program (PROW program) are the only members of the OGCC that work with orphan wells. This request does not include any additional resources for the PROW program, however, its appropriation increased from \$445,000 in FY 2017-18 to \$5,011,000 in FY 2018-19 and therefore does not need additional resources. In FY 2017-18, Program work was subdivided into 85 discrete plugging, equipment removal, reclamation, or environmental tasks at 61 orphaned Sites.

RECOMMENDATION

JBC staff recommends approving \$1,813,914 total funds and 16.0 FTE. The difference between the Department request and JBC staff recommendation is staff is recommending funding compensation common policies for 9 months of the year instead of 12 months, as requested. While JBC policy is include no appropriations for compensation common policies in the first year for requests of less than 20.0 FTE, staff recommends deviating from the policy primarily because the program is cash funded and likely to face issues absorbing an entire year of those centralized costs from the Environmental Response Fund for 16.0 FTE.

① ANTICIPATED SEVERANCE TAX REVENUE FOR OPERATIONAL FUND PROGRAMS.

The following tables are intended for use by the Committee to understand the anticipated flow of severance tax revenues to programs known as Tier 2 severance tax programs. The first chart assumes current law and the December forecast presented by Legislative Council staff. The second assumes the same forecast but that S.B. 19-016 (Sev Tax Operational Fund Distribution Methodology) is enacted. While restrictions included in H.B. 18-1338 (Severance Tax Transfers) have prevented Tier 2 programs from receiving transfers thus far in the fiscal year, due to a provision included to repay the General Fund targeted at struggling Tier 2 programs in FY 2017-18, current law authorizes transfers of \$32.7 million on April 1st, 2019.

Critical for Tier 2 programs to understand is that S.B. 19-016 is working its way through the General Assembly and is scheduled for a hearing in House Finance on March 4, 2019. The bill intends to move Tier 2 programs into a practice of spending severance tax revenues in arrears instead of during the year of collection under current law. Recommended by the Water Resources Review Committee unanimously, the bill received unanimous support in Senate Agriculture and Natural Resources, in the Senate on Third Reading, and in House Energy and Environment. Passage of the bill will result in postponing the April 1st transfer to August 15, 2020 to fund Tier 2 programs. All future transfers will occur once annually on August 15th, if passed.

The April 1st transfer in current law does not happen automatically and there are manageable repercussions if S.B. 19-016 does not reach the Governor's desk before April 1. JBC staff will continue to monitor the bill. If, for some reason, the bill slows its progress in the House, JBC staff thinks it would be prudent to send a letter to the Department of Natural Resources directing Department staff to refrain from authorizing Tier 2 transfers until certainty around S.B. 19-016 is gained. If there is no issue, this is the last the Committee will hear about it. If appropriate, staff will bring a draft letter to the Committee to discuss in late March.

The following presents anticipated Severance Tax Operational Fund Revenue transferred to programs funded by the Severance Tax Operational Fund under current law without the passage of S.B. 19-016 with projections made by Legislative Council staff in December.

SEVERANCE TAX OPERATIONAL FUND UNDER CURRENT LAW				
	FY 2017-18 ACTUAL	FY 2018-19 PROJECTED	FY 2019-20 PROJECTED	FY 2020-21 PROJECTED
Beginning Balance	\$14,405,310	\$9,314,849	\$17,214,854	\$17,223,826
Revenue	13,167,662	58,315,947	44,216,654	20,082,275
Total Available for Appropriation	\$27,572,972	\$67,630,796	\$61,431,508	\$37,306,100
APPROPRIATION/REQUEST				
Avalanche Information Center	578,958	640,822	660,047	679,848
Colorado Geological Survey at CSM	1,395,721	1,585,133	1,632,687	1,681,668
Oil & Gas Conservation	6,148,067	6,148,067	6,148,067	6,148,067
Reclamation, Mining, & Safety	4,112,930	4,792,370	4,936,141	5,084,225
Water Conservation	1,274,007	1,319,250	1,319,250	1,319,250
Colorado State Parks (S.B. 08-013 / H.B. 10-1326)	2,341,732	2,473,291	2,473,291	2,473,291
Colorado Division of Wildlife	84,744	54,343	54,343	54,343
Total Tier 1	\$15,936,159	\$17,013,276	\$17,223,826	\$17,440,692
Tier 1 Reserve Requirement	15,936,159	17,013,276	17,223,826	17,440,692
Roll Forward/Off the Top Expenses	0	688,856	0	0
Total Tier 1 Obligations	\$31,872,319	\$34,715,407	\$34,447,651	\$34,881,384
Revenue Remaining for Tier 2	(4,299,347)	32,915,389	26,983,857	2,424,717
Roll-Forwards		688,856		
Tier 2 Programs				
(a) Water Supply Reserve Account	0	8,992,728	8,599,590	772,742
(b) Soil Conservation Districts Matching Grant	65,510	404,673	386,982	34,773
(c) Water Efficiency Grants	0	494,600	472,977	42,501
(d) & (e) Species Cons Trust Fund	0	4,496,364	0	0
(f) LEAP	1,892,509	11,690,546	11,179,468	1,004,565
(i) Interbasin Compacts	0	670,018	640,727	57,574
(k) & (n) Forestry Grants / Bark Beetle	363,944	2,248,182	2,149,898	193,186
(m) Aquatic Invasive Species	0	3,602,491	3,445,000	309,561

SEVERANCE TAX OPERATIONAL FUND UNDER CURRENT LAW				
	FY 2017-18 ACTUAL	FY 2018-19 PROJECTED	FY 2019-20 PROJECTED	FY 2020-21 PROJECTED
(o) Forfeited Mine Site Reclamation	0	114,208	109,215	9,814
Total Tier 2	\$2,321,963	\$32,713,811	\$26,983,857	2,424,717
Actual Expenditures	\$18,258,122	\$50,415,943	\$44,207,682	\$19,865,409
Ending Balance after Appr./Exp	9,314,849	17,214,854	17,223,826	17,440,692
2 Yr Reserve / 1 Yr Reserve Starting FY 08-09	15,936,159	17,013,276	17,223,826	17,440,692
LEAP Reserve / 15% Reserve Starting FY 08-09	5,456,711	5,456,711	4,706,711	4,706,711
Total Reserve Requirement	21,392,870	22,469,987	21,930,536	22,147,403
Balance after Reserve	(12,078,021)	(5,255,133)	(4,706,711)	(4,706,711)

Finally, the next table presents the anticipated cash flow of the Severance Tax Operational Fund if S.B. 19-016 becomes law.

SEVERANCE TAX OPERATIONAL FUND MODEL UNDER S.B. 19-016				
	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	FY 2020-21 PROJECTION	
Revenue				
Beginning Fund Balance	\$9,314,849	\$49,928,664	\$44,207,682	
Tier 2 Distributions in Arrears (Aug 15)	0	(32,713,810)	(26,983,856)	
<i>Balance after NREG Distributions</i>	<i>\$9,314,849</i>	<i>\$17,214,854</i>	<i>\$17,223,826</i>	
HB 18-1338 Transfers from GF	20,030,925	0	0	
Forecasted Revenue	37,902,122	43,898,626	19,744,553	
Projected Interest	382,900	318,028	337,722	
Total Available Revenue	\$67,630,796	\$61,431,508	\$37,306,101	
Core Departmental Programs - DNR & CGS				
(a) Oil & Gas Conservation Commission	\$6,148,067	\$6,148,067	\$6,148,067	
(b) CO Geo Survey	1,585,133	1,632,687	1,681,668	
(b.5) Avalanche Information Center	640,822	660,047	679,848	
(c) Reclamation, Mining, & Safety	4,792,370	4,936,141	5,084,225	
(d) CO Water Conservation Board	1,319,250	1,319,250	1,319,250	
(e) CPW - Wildlife	54,343	54,343	54,343	
(g) CPW - Parks	2,473,291	2,473,291	2,473,291	
Core Programs Total	\$17,013,276	\$17,223,826	\$17,440,692	
Tier 1 Reserve				
Reserve Requirement (100%)	\$17,214,854	\$17,223,826	\$17,440,692	
Revenue Held in Section 1 Reserve	17,214,854	17,223,826	17,440,692	
<i>% Held in Section 1 Reserve</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	
Other Expenditures				
DRMS Legacy Mine Hydro Rollforwards	\$688,856	\$0	\$0	
Other Expenditures Total	\$688,856	\$0	\$0	
Revenue Available for Tier 2 Programs	\$32,713,810	\$26,983,856	\$2,424,717	
Amount Held for Distribution	32,713,810	26,983,856	2,424,717	
<i>% of Authorized Distribution</i>	<i>89.9%</i>	<i>74.2%</i>	<i>6.7%</i>	
Tier 2 Reserve				
Reserve Requirement (100%)	\$36,378,072	\$36,378,072	\$36,378,072	
Revenue Held in Tier 2 Reserve	0	0	0	
<i>% Held in Tier 2 Reserve</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	

SEVERANCE TAX OPERATIONAL FUND MODEL UNDER S.B. 19-016			
	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	FY 2020-21 PROJECTION
Tier 2 Program Distributions in Arrears			
(a) Water Supply Reserve Fund	\$0	\$8,992,728	\$8,599,590
(b) Soil Conservation District Grants	0	404,673	\$386,982
(c) Water Efficiency Grant Program	0	494,600	\$472,977
(e) Species Conservation Trust Fund*	0	4,496,364	\$0
(f) LEAP - Low-income Energy Assistance	0	11,690,546	\$11,179,467
(i) Interbasin Compact Committee	0	670,018	\$640,727
(k) and (n) Forestry Grants	0	2,248,182	\$2,149,898
(m) Aquatic Nuisance Species	0	3,602,491	\$3,445,000
(n) Abandoned Mine Reclamation	0	114,208	109,215
Tier 2 Program Total Distributions	\$0	\$32,713,810	\$26,983,856

*The Species Conservation Trust Fund needs reauthorization in FY 2020-21.

(2) DIVISION OF RECLAMATION, MINING, AND SAFETY

The Division of Reclamation, Mining, and Safety (DRMS) is charged with helping to develop Colorado's mining industry in an environmentally protective manner and ensuring that mined land is reclaimed to a beneficial use. This includes: (1) permitting, inspecting, and ensuring compliance at over 1,750 active coal and mineral prospecting and mining operations; (2) safeguarding and reclaiming abandoned and forfeited mine sites; and (3) training, testing, and certifying mine employees at both coal and non-coal mining operations in accordance with federal health and safety standards. Pursuant to Section 39-29-109.3 (1)(c), C.R.S., the General Assembly may appropriate up to 25.0 percent of the money in the Severance Tax Operational Fund to the Division.

DIVISION OF RECLAMATION, MINING, AND SAFETY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
HB 18-1322 (Long Bill)	\$7,894,082	\$0	\$4,502,244	\$3,391,838	\$0	65.8
TOTAL	\$7,894,082	\$0	\$4,502,244	\$3,391,838	\$0	65.8
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$7,894,082	\$0	\$4,502,244	\$3,391,838	\$0	65.8
Annualize prior year salary survey	167,837	0	82,520	85,317	0	0.0
Annualize SB 18-200 (PERA)	13,714	0	6,419	7,295	0	0.0
NP DPA IDS Increased costs	502	0	146	356	0	0.0
Staff initiated federal funds reductions	(100,000)	0	0	(100,000)	0	0.0
Centrally appropriated line items	(3,382)	0	3,676	(7,058)	0	0.0
TOTAL	\$7,972,753	\$0	\$4,595,005	\$3,377,748	\$0	65.8
INCREASE/(DECREASE)	\$78,671	\$0	\$92,761	(\$14,090)	\$0	0.0
Percentage Change	1.0%	n/a	2.1%	(0.4%)	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$8,073,082	\$0	\$4,595,101	\$3,477,981	\$0	65.8
Request Above/(Below) Recommendation	\$100,329	\$0	\$96	\$100,233	\$0	0.0

DECISION ITEMS – DIVISION OF RECLAMATION, MINING, AND SAFETY (NONE)

The Department request for FY 2019-20 did not include any decision items or budget amendments that impact solely the Division of Reclamation, Mining, and Safety.

LINE ITEM DETAIL – DIVISION OF RECLAMATION, MINING, AND SAFETY

(A) COAL LAND RECLAMATION

PROGRAM COSTS

The Coal Land Reclamation Program ensures mined lands are reclaimed to beneficial use, while protecting public health, safety and the environment during mining through timely, phased bond release as acres become eligible. Colorado was granted state primacy to regulate coal mines following the passage of the federal Surface Mining Control and Reclamation Act (SMCRA), Title V of 1977.

The funding ratio of the Coal Program is 79 percent federal funds and 21 percent state cash match, which is based on total permitted mine acres located on federally owned lands versus non-federal acres. The federal grant funds are from the U.S. Department of the Interior's Office of Surface Mining (OSM) and the cash/state match funds are from the Severance Tax Operational Fund/Tier 1. Tier 1 severance tax funds are subject to a statutory limit on the Division's total allowable usage of 25 percent of the total revenue in the Operational Fund (Section 39-29-109, C.R.S.).

This appropriation supports 20.0 FTE, which includes technical regulatory and management staff, a grant/financial warranty specialist, administrative staff and a share of central administrative staff that support the entire division. OSM funding to the Inactive Mines line is contingent on Colorado maintaining state primacy to conduct a coal regulation program.

STATUTORY AUTHORITY: Sections 34-33-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of \$2,147,453 total funds including \$460,148 cash funds and \$1,687,305 federal funds for 20.0 FTE.

RECOMMENDATION: Staff recommendation is for \$2,047,124 total funds including \$460,052 cash funds from the Severance Tax Operation Fund and \$1,587,072 federal funds for 20.0 FTE. In FY 2016-17 and FY 2017-18, the Department reverted \$161,173 federal funds and \$214,691 federal funds respectively, which indicates the informational funds included for this line item are an over estimation of anticipated federal support.

DIVISION OF RECLAMATION, MINING, AND SAFETY, COAL LAND RECLAMATION, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$2,091,993	\$0	\$448,645	\$0	\$1,643,348	20.0
TOTAL	\$2,091,993	\$0	\$448,645	\$0	\$1,643,348	20.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$2,091,993	\$0	\$448,645	\$0	\$1,643,348	20.0
Annualize prior year salary survey	50,705	0	10,436	0	40,269	0.0
Annualize SB 18-200 (PERA)	3,924	0	825	0	3,099	0.0
NP DPA IDS Increased costs	502	0	146	0	356	0.0
Staff initiated federal funds reductions	(100,000)	0	0	0	(100,000)	0.0
TOTAL	\$2,047,124	\$0	\$460,052	\$0	\$1,587,072	20.0
INCREASE/(DECREASE)	(\$44,869)	\$0	\$11,407	\$0	(\$56,276)	0.0
Percentage Change	(2.1%)	n/a	2.5%	n/a	(3.4%)	0.0%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$100,329	\$0	\$96	\$0	\$100,233	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Coal Land Reclamation subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST AND RECOMMENDATION: The Department requests an appropriation of \$105,411 total funds for FY 2019-20. Staff recommends the Department request, consistent with the statewide indirect cost assessment calculated by the State Controller.

DIVISION OF RECLAMATION, MINING, AND SAFETY, COAL LAND RECLAMATION, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$108,517	\$0	\$22,789	\$0	\$85,728	0.0
TOTAL	\$108,517	\$0	\$22,789	\$0	\$85,728	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$108,517	\$0	\$22,789	\$0	\$85,728	0.0
Indirect cost adjustment	(3,106)	0	(653)	0	(2,453)	0.0
TOTAL	\$105,411	\$0	\$22,136	\$0	\$83,275	0.0
INCREASE/(DECREASE)	(\$3,106)	\$0	(\$653)	\$0	(\$2,453)	0.0
Percentage Change	(2.9%)	0.0%	(2.9%)	0.0%	(2.9%)	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$105,411	\$0	\$22,136	\$0	\$83,275	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(B) INACTIVE MINES

PROGRAM COSTS

This line item provides funding for the Inactive Mines Reclamation Program (IMRP), which is responsible for safeguarding abandoned mine openings, and reclaiming pre-law or legacy abandoned mine sites. The Program Costs appropriation for IMRP is comprised of cash funds from of the Severance Tax Operational Fund/Tier 1 and a federal grant from the Office of Surface Mining (OSM) in the U.S. Department of the Interior.

Funding for the IMRP program primarily consists of federal grants from the Office of Surface Mining (OSM). To receive these funds, the DRMS must maintain a federally-approved coal mining regulatory program (i.e. the Coal Land Reclamation Program described in the previous subdivision), but there are no requirements for a state match for moneys used to reclaim legacy mine sites. These grant funds are neither authorized for use to remedy environmental/water quality issues at the pre-1977 sites nor can they be used at any site permitted after 1977. The federal funds appropriated in the Long Bill reflect the administrative portion of the federal grant. All FTE for the program are shown in the Long Bill, but the cost of between 7.0 and 11.0 of those FTE are charged to non-appropriated project funds each fiscal year. These non-appropriated federal grants are primarily from the Bureau of Land Management, U.S. Forest Service and the Environmental Protection Agency.

The IMRP also receives approximately \$600,000 cash funds from Tier 1 of the Severance Tax Operational Fund:

- Pursuant to Section 39-29-109.3 (1)(c), C.R.S., \$500,000 is transferred annually from the Severance Tax Operational Fund to the Abandoned Mine Reclamation Fund to supplement federal funding and complete greater number of reclamation and safeguarding projects at pre-law mines. This

includes contracts for site work, 0.4 FTE for program staff, and associated operating expenses. This money can also be used to remedy environmental issues at pre-law mine sites that the federal grant is not authorized to address. Appropriations to the Abandoned Mine Reclamation Fund are explicitly limited to pre-law or legacy sites and remain available for expenditure for three years via Long Bill footnote.

- Starting in FY 2015-16, cash funds from the Severance Tax Operational Fund, are transferred to this line item after the Abandoned Mine Safety line item was eliminated. In FY 2019-20 this amount is requested to be \$105,617. This funding is for basic safeguarding measures like capping and fencing at legacy mine features, i.e. smaller versions of the other reclamation and safeguarding projects this line item funds.

STATUTORY AUTHORITY: Sections 34-21-101 to 34-21-103, C.R.S., Section 33-24-110, C.R.S., Section 34-33-133, C.R.S., and Section 34-34-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of \$1,944,216 total funds including \$629,374 cash funds and \$1,314,842 federal funds for 16.3 FTE.

RECOMMENDATION: Staff recommendation is to approve the Department request. Please note that reversions of cash funds occur regularly in this line item, but are an artifact of appropriations authorized to be spent over three years. For example, the Department indicated that cash funds appropriated in FY 2017-18 will be fully expended by the end of FY 2019-20, but show up as a reversion in accounts of FY 2017-18 actuals. These kinds of funds are generally completely encumbered or committed through the contracting and purchasing process.

DIVISION OF RECLAMATION, MINING, AND SAFETY, INACTIVE MINES, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$1,892,035	\$0	\$624,345	\$0	\$1,267,690	16.3
TOTAL	\$1,892,035	\$0	\$624,345	\$0	\$1,267,690	16.3
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$1,892,035	\$0	\$624,345	\$0	\$1,267,690	16.3
Annualize prior year salary survey	47,768	0	4,645	0	43,123	0.0
Annualize SB 18-200 (PERA)	4,413	0	384	0	4,029	0.0
TOTAL	\$1,944,216	\$0	\$629,374	\$0	\$1,314,842	16.3
INCREASE/(DECREASE)	\$52,181	\$0	\$5,029	\$0	\$47,152	0.0
Percentage Change	2.8%	n/a	0.8%	n/a	3.7%	0.0%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

LEGACY MINE HYDROLOGY PROJECTS

This line item supports the Mining Non-Point Source (MNPS) Program, which helps local entities secure federal funding from the U.S. Environmental Protection Agency (EPA) for water quality improvement projects (not water treatment) at pre-law mine sites abandoned prior to adoption of the Clean Water Act (CWA) of 1972. After mining operations cease in a given location, acid drainage and

metal leaching can continue at these sites for many years. The cost of water treatment is now accounted for in the permitting and bonding process for active mine sites, but abandoned legacy mine sites do not have an identifiable party or operator that can be held responsible for remediation. Instead, reclamation must be undertaken voluntarily by local entities and is supported by grant funding with financial and technical assistance from the DRMS.

The MNPS Program uses cash funds from Tier 1 of the Severance Tax Operational Fund as matching funds for the federal grants used to support the construction of hydro-geologic controls at legacy sites, including: diversion ditches, mine waste removal, mine waste consolidation, stream diversion, and re-vegetation. Additionally, the DRMS occasionally receives non-appropriated grant funds from CDPHE but, pursuant to Section 34-33-133 (2)(a), C.R.S., has the authority to expend them without requiring an appropriation.

The line item currently supports 1.2 FTE for project management. Each annual appropriation can be spent over three fiscal years, authorized by Long Bill footnote, to accommodate high elevation locations and the time required for landowner and contract approval prior to actual work at each site. That footnote follows:

XX Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Legacy Mine Hydrology Projects -- This appropriation shall remain available until the completion of the project or the close of FY ~~2020-21~~ 2021-22, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Severance Tax Operational Fund, from which this appropriation was made.

STATUTORY AUTHORITY: Section 34-33-133, C.R.S.

REQUEST: The Department requests an appropriation of \$384,636 total funds and 1.2 FTE for FY 2018-19.

RECOMMENDATION: Staff recommends approving the Department request and continuing the footnote authorizing expenditure over three years.

DIVISION OF RECLAMATION, MINING, AND SAFETY, INACTIVE MINES, LEGACY MINE HYDROLOGY PROJECTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$384,636	\$0	\$384,636	\$0	\$0	1.2
TOTAL	\$384,636	\$0	\$384,636	\$0	\$0	1.2
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$384,636	\$0	\$384,636	\$0	\$0	1.2
TOTAL	\$384,636	\$0	\$384,636	\$0	\$0	1.2
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$384,636	\$0	\$384,636	\$0	\$0	1.2
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

RECLAMATION OF FORFEITED MINE SITES

The General Assembly created this line item in FY 2007-08 to provide funding to reclaim mine sites forfeited due to operator bankruptcy or death, or that had insufficient bonds when the mining permit was revoked. Risks associated with un-reclaimed mine sites include water contamination, unstable soils, volatile gases and explosives, and open pits.

Funding available for reclamation at forfeited mine sites is largely determined by the date of forfeiture:

- 1 Mines forfeited prior to 1977 qualify for federal funding from the Office of Surface Mining and receive some severance tax revenue through the Program Costs and Legacy Mine Hydrology Projects line items in this subdivision. Sites treated under this line item are not eligible for federal funds that can be used for pre-1977 mines.
- 2 Between 1977 and 1993 mine operators were required to post bonds, but the bonds were capped in statute by mine type and were not tailored to the features of individual mine sites. As a result, the capped bonds were sometimes inadequate to fully fund reclamation at sites from this period and, prior to the establishment of this line item, the DRMS was only able to address the sites as funding permitted.
- 3 Mines established after 1993 have individually-calculated bond requirements based on size, type of disturbance, on-site structures, surrounding environmental impacts, and construction costs. While the bonds from mines forfeited after 1993 have generally been adequate to address necessary reclamation work, the DRMS still encounters an average of five mine sites per year with bond shortages or failures that require additional funding to fully reclaim. This situation can occur if a mine site has changed between permitting/bonding and forfeiture.

This line item receives funding from Tier 2 of the Severance Tax Operational Fund for situations described in Items 2 and 3 above. Under current law, the December revenue forecast prepared by Legislative Council staff estimates \$114,208 will be transferred to the program on April 1, 2019 and a total of \$109,215 in FY 2019-20. S.B. 19-016 (Sev Tax Operational Fund Distribution Methodology) is scheduled for a hearing in House Finance on March 4, 2019 was recommended by the Water Resources Review Committee unanimously. The bill received unanimous support in Senate Agriculture and Natural Resources, in the Senate on Third Reading, and in House Energy and Environment. Passage of the bill will result in postponing the April 1st transfer to August 15th to fund Tier 2 programs in arrears. All future transfers will occur once annually on August 15th, if passed. The April 1st transfer requires Department staff to take affirmative action; if it does not gain the Governor's signature prior to April 1, this transfer can be postponed until certainty is gained.

Due to the length of time mine reclamation can take to complete, the General Assembly has provide the Department with the authority to spend this appropriation over a three-year period, accomplished by a Long Bill footnote:

XX Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Reclamation of Forfeited Mine Sites -- This appropriation shall remain available until the completion of the project or the close of FY ~~2020-21~~ 2021-22, whichever comes first. At

project completion or the end of the three-year period, any unexpended balance reverts to the Severance Tax Operational Fund, from which the transfer to the special account in the General Fund created in Section 34-32-122 (1)(a), C.R.S., was made.

STATUTORY AUTHORITY: Sections 34-32-118 and 34-32.5-118, C.R.S.

REQUEST: The Department requests a continuation-level appropriation of \$121,162 cash funds for 0.3 FTE.

RECOMMENDATION: Staff recommends approving the Department request and continuing to provide expenditure authority for three years.

DIVISION OF RECLAMATION, MINING, AND SAFETY, INACTIVE MINES, RECLAMATION OF FORFEITED MINE SITES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$121,162	\$0	\$121,162	\$0	\$0	0.3
TOTAL	\$121,162	\$0	\$121,162	\$0	\$0	0.3
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$121,162	\$0	\$121,162	\$0	\$0	0.3
TOTAL	\$121,162	\$0	\$121,162	\$0	\$0	0.3
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$121,162	\$0	\$121,162	\$0	\$0	0.3
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Inactive Mines subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST AND RECOMMENDATION: The Department requests an appropriation of \$125,345 total funds. Staff recommends appropriating \$125,345 total funds, consistent with the statewide indirect cost assessment calculated by the State Controller.

DIVISION OF RECLAMATION, MINING, AND SAFETY, INACTIVE MINES, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$117,665	\$0	\$8,955	\$0	\$108,710	0.0
TOTAL	\$117,665	\$0	\$8,955	\$0	\$108,710	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$117,665	\$0	\$8,955	\$0	\$108,710	0.0
Indirect cost adjustment	7,680	0	15,746	0	(8,066)	0.0
TOTAL	\$125,345	\$0	\$24,701	\$0	\$100,644	0.0
INCREASE/(DECREASE)	\$7,680	\$0	\$15,746	\$0	(\$8,066)	0.0
Percentage Change	6.5%	n/a	175.8%	n/a	(7.4%)	n/a
FY 2019-20 EXECUTIVE REQUEST	\$125,345	\$0	\$24,701	\$0	\$100,644	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(C) MINERALS

PROGRAM COSTS

This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The types of minerals regulated under this program include metals (e.g. gold, silver, and molybdenum), construction materials (e.g. sand, gravel, marble, and flagstone), uranium, and vanadium. The Minerals Program also regulates oil shale development but coordinates extensively with the Oil and Gas Conservation Commission in reviewing permits and conducting inspections. Operating costs of the Mined Land Reclamation Board are covered under this line item. Fund sources include fees deposited in the Mined Land Reclamation Fund and severance tax revenues from Tier 1 of the Severance Tax Operational Fund. Most fees are set in statute, but some are set by rule pursuant to Section 34-32-127, C.R.S.

STATUTORY AUTHORITY: Sections 34-32-101, *et seq.*, and 34-32.5-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of \$2,341,423 cash funds for 23.0 FTE. The request includes annualization of salary survey and S.B. 18-200 (PERA).

RECOMMENDATION: Staff recommendation is to approve the Department request.

DIVISION OF RECLAMATION, MINING, AND SAFETY, MINERALS, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$2,279,205	\$0	\$2,279,205	\$0	\$0	23.0
TOTAL	\$2,279,205	\$0	\$2,279,205	\$0	\$0	23.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$2,279,205	\$0	\$2,279,205	\$0	\$0	23.0
Annualize prior year salary survey	57,810	0	57,810	0	0	0.0
Annualize SB 18-200 (PERA)	4,408	0	4,408	0	0	0.0
TOTAL	\$2,341,423	\$0	\$2,341,423	\$0	\$0	23.0
INCREASE/(DECREASE)	\$62,218	\$0	\$62,218	\$0	\$0	0.0
Percentage Change	2.7%	n/a	2.7%	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$2,341,423	\$0	\$2,341,423	\$0	\$0	23.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Minerals subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST AND RECOMMENDATION: The Department requests an appropriation of \$112,839 total funds. Staff recommends appropriating \$112,839 total funds, consistent with the statewide indirect cost assessment calculated by the State Controller.

DIVISION OF RECLAMATION, MINING, AND SAFETY, MINERALS, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$121,734	\$0	\$121,734	\$0	\$0	0.0
TOTAL	\$121,734	\$0	\$121,734	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$121,734	\$0	\$121,734	\$0	\$0	0.0
Indirect cost adjustment	(8,895)	0	(8,895)	0	0	0.0
TOTAL	\$112,839	\$0	\$112,839	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$8,895)	\$0	(\$8,895)	\$0	\$0	0.0
Percentage Change	(7.3%)	n/a	(7.3%)	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$112,839	\$0	\$112,839	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(D) MINES PROGRAM

COLORADO AND FEDERAL MINE SAFETY PROGRAM

This program conducts safety audits of active mines, provides mine rescue and safety training, produces and distributes mine safety training materials, and inspects tourist mines. Federal funds are

from the Mine Safety and Health Administration in the U.S. Department of Labor account for the majority of program funding. The remainder of the appropriation is comprised of cash funds from Tier 1 of the Severance Tax Operational Fund and a small amount of fee revenue.

STATUTORY AUTHORITY: Articles 20 to 24 of Title 34, C.R.S.

REQUEST: The Department requests an appropriation of \$551,261 total funds including \$361,616 cash funds and \$189,645 federal funds for 4.0 FTE. The request includes annualization of salary survey and S.B. 18-200 (PERA).

RECOMMENDATION: Staff recommendation is to approve the Department request. While reversions exist in this line item

DIVISION OF RECLAMATION, MINING, AND SAFETY, MINES PROGRAM, COLORADO AND FEDERAL MINE SAFETY PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$545,071	\$0	\$355,426	\$0	\$189,645	4.0
TOTAL	\$545,071	\$0	\$355,426	\$0	\$189,645	4.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$545,071	\$0	\$355,426	\$0	\$189,645	4.0
Annualize prior year salary survey	5,726	0	5,726	0	0	0.0
Annualize SB 18-200 (PERA)	464	0	464	0	0	0.0
TOTAL	\$551,261	\$0	\$361,616	\$0	\$189,645	4.0
INCREASE/(DECREASE)	\$6,190	\$0	\$6,190	\$0	\$0	0.0
Percentage Change	1.1%	n/a	1.7%	n/a	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

BLASTER CERTIFICATION PROGRAM

This line item provides funding for the Blaster Certification Program, which administers certification exams required by certain coal mine officials as specified in Section 34-22-105, C.R.S. The Office of Surface Mining (OSM) in the U.S. Department of the Interior requires Colorado to have this program as a condition of state primacy in the Coal Program. Federal funds from the OSM account for 79.0 percent of program funding with a 21.0 percent state match from Tier 1 of the Severance Tax Operational Fund.

STATUTORY AUTHORITY: Section 34-33-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of \$120,635 total funds for 1.0 FTE. The request includes annualization of salary survey and S.B. 18-200 (PERA).

RECOMMENDATION: JBC staff recommends approving the Department request.

DIVISION OF RECLAMATION, MINING, AND SAFETY, MINES PROGRAM, BLASTER CERTIFICATION PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$114,302	\$0	\$23,851	\$0	\$90,451	1.0
TOTAL	\$114,302	\$0	\$23,851	\$0	\$90,451	1.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$114,302	\$0	\$23,851	\$0	\$90,451	1.0
Annualize prior year salary survey	5,828	0	3,903	0	1,925	0.0
Annualize SB 18-200 (PERA)	505	0	338	0	167	0.0
TOTAL	\$120,635	\$0	\$28,092	\$0	\$92,543	1.0
INCREASE/(DECREASE)	\$6,333	\$0	\$4,241	\$0	\$2,092	0.0
Percentage Change	5.5%	n/a	17.8%	n/a	2.3%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$120,635	\$0	\$28,092	\$0	\$92,543	1.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Mines Program subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST AND RECOMMENDATION: The Department requests an appropriation of \$18,701 total funds. Staff recommends approving the request, consistent with the statewide indirect cost assessment calculated by the State Controller.

DIVISION OF RECLAMATION, MINING, AND SAFETY, MINES PROGRAM, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$17,762	\$0	\$11,496	\$0	\$6,266	0.0
TOTAL	\$17,762	\$0	\$11,496	\$0	\$6,266	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$17,762	\$0	\$11,496	\$0	\$6,266	0.0
Indirect cost adjustment	939	0	(2,522)	0	3,461	0.0
TOTAL	\$18,701	\$0	\$8,974	\$0	\$9,727	0.0
INCREASE/(DECREASE)	\$939	\$0	(\$2,522)	\$0	\$3,461	0.0
Percentage Change	5.3%	n/a	(21.9%)	n/a	55.2%	n/a
FY 2019-20 EXECUTIVE REQUEST	\$18,701	\$0	\$8,974	\$0	\$9,727	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(E) EMERGENCY RESPONSE COSTS

This appropriation provides funds for the Department of Natural Resources to use for an initial response to environmental emergencies at both permitted and legacy mining sites. For large-scale emergencies, there are procedures for the Governor and/or the JBC to make additional funding

available, but the appropriation in this line item can be used immediately while other funds are secured. Additionally, even if affected sites have financial warranties, it often takes time to go through the required regulatory procedures needed to liquidate the bonds and other warranty instruments for abandoned mine sites. By providing an immediately available source of funds, the Division is able to avoid increased remediation costs that may be incurred by a delay in responding to environmental emergencies due to funding. Contractors perform the environmental remediation work and no FTE are associated with this line item.

STATUTORY AUTHORITY: Sections 34-32-122, 34-32-124 and 34-32-124.5, C.R.S.

REQUEST: The Department requests an appropriation of \$100,000 cash funds for FY 2018-19.

RECOMMENDATION: Staff recommends approving the Department request. The appropriation for this line item represents a balance between obligating severance tax revenue in the Operational Fund and having enough revenue available to respond to an incident if it arises. The Department nearly fully expends this line item each year and this staff recommends continuation.

DIVISION OF RECLAMATION, MINING, AND SAFETY, EMERGENCY RESPONSE COSTS, EMERGENCY RESPONSE COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$100,000	\$0	\$100,000	\$0	\$0	0.0
TOTAL	\$100,000	\$0	\$100,000	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$100,000	\$0	\$100,000	\$0	\$0	0.0
TOTAL	\$100,000	\$0	\$100,000	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$100,000	\$0	\$100,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(3) OIL AND GAS CONSERVATION COMMISSION

The Oil and Gas Conservation Commission (OGCC) is charged with promoting the responsible exploration, development, and conservation of Colorado's oil and natural gas resources. To achieve these goals, the Commission promulgates regulations governing oil and gas development, issues permits, enforces laws and regulations, maintains a financial surety program to ensure proper reclamation of well sites, and provides information to the public and industry pertaining to oil and gas production. The Commission also has the authority to regulate oil and gas operations to protect public health and prevent significant adverse environmental impacts. In addition to enforcement, the OGCC responds to complaints and inquiries, responds to oil and gas spills and other environmental emergencies at production sites, manages plugging and reclamation work at abandoned well sites, and performs baseline water quality studies.

OIL AND GAS CONSERVATION COMMISSION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
HB 18-1322 (Long Bill)	\$18,050,559	\$0	\$17,950,270	\$100,289	\$0	116.3
TOTAL	\$18,050,559	\$0	\$17,950,270	\$100,289	\$0	116.3
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$18,050,559	\$0	\$17,950,270	\$100,289	\$0	116.3
Annualize SB 18-200 (PERA)	24,506	0	24,506	0	0	0.0
Annualize prior year salary survey	278,722	0	278,722	0	0	0.0
NP DPA IDS Increased costs	172	0	172	0	0	0.0
BA2 Additional oil and gas field inspectors and support staff	1,007,408	0	1,007,408	0	0	11.0
R2 Additional staffing to address oil and gas backlogs	570,564	0	570,564	0	0	5.0
Centrally appropriated line items	(31,148)	0	(27,418)	(3,730)	0	0.0
Annualize prior year budget action	(117,063)	0	(117,063)	0	0	0.0
TOTAL	\$19,783,720	\$0	\$19,687,161	\$96,559	\$0	132.3
INCREASE/(DECREASE)	\$1,733,161	\$0	\$1,736,891	(\$3,730)	\$0	16.0
Percentage Change	9.6%	n/a	9.7%	(3.7%)	n/a	13.8%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$113	\$0	\$113	\$0	\$0	0.0

DECISION ITEMS – OIL AND GAS CONSERVATION COMMISSION (NONE)

The Department request for FY 2019-20 did not include any decision items or budget amendments that impact solely the Oil and Gas Conservation Commission.

LINE ITEM DETAIL – OIL AND GAS CONSERVATION COMMISSION

PROGRAM COSTS

This line item supports the majority of personal services and operating expenses for the OGCC. Approximately 40 percent of the funding for this line item is from Tier 1 of the Severance Tax Operational Fund. The other 60 percent is from the Oil and Gas Conservation and Environmental Response (Response) Fund. The Response Fund is supported by a statewide mill levy on the market value of oil and gas production. Pursuant to Section 34-60-122 (1)(a) the mill levy rate is capped at a maximum of 1.7 mills, but the Commission has the authority to increase or decrease the mill levy rate under the cap if necessary to align revenue with expenditures from the Response Fund. The current rate is 1.1 mills. If the Department's budget amendment is approved, it anticipates the Commission to increase the mill by another 0.1 mills to fund the increased needs.

STATUTORY AUTHORITY: Section 34-60-101 et seq., C.R.S.

REQUEST: The Department requests an appropriation of \$12,775,840 cash funds and 130.3 FTE for FY 2018-19.

RECOMMENDATION: Staff recommends an appropriation of \$12,775,727 cash funds and 130.3 FTE. The recommendation includes staff recommendation for both items requested by the Department for the oil and gas regulation. It also includes increases for annualization of salary survey and S.B. 18-200 (PERA). Finally, a combined reduction of \$117,063 is included related to decision items approved last year and represent primarily the cost of equipment OGCC staff require perform their jobs.

OIL AND GAS CONSERVATION COMMISSION, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$11,011,418	\$0	\$11,011,418	\$0	\$0	114.3
TOTAL	\$11,011,418	\$0	\$11,011,418	\$0	\$0	114.3
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$11,011,418	\$0	\$11,011,418	\$0	\$0	114.3
BA2 Additional oil and gas field inspectors and support staff	1,007,408	0	1,007,408	0	0	11.0
R2 Additional staffing to address oil and gas backlogs	570,564	0	570,564	0	0	5.0
Annualize prior year salary survey	278,722	0	278,722	0	0	0.0
Annualize SB 18-200 (PERA)	24,506	0	24,506	0	0	0.0
NP DPA IDS Increased costs	172	0	172	0	0	0.0
Annualize prior year budget action	(117,063)	0	(117,063)	0	0	0.0
TOTAL	\$12,775,727	\$0	\$12,775,727	\$0	\$0	130.3
INCREASE/(DECREASE)	\$1,764,309	\$0	\$1,764,309	\$0	\$0	16.0
Percentage Change	16.0%	n/a	16.0%	n/a	n/a	14.0%
FY 2019-20 EXECUTIVE REQUEST	\$12,775,840	\$0	\$12,775,840	\$0	\$0	130.3
Request Above/(Below) Recommendation	\$113	\$0	\$113	\$0	\$0	0.0

UNDERGROUND INJECTION PROGRAM

This line item supports the Underground Injection Control Program, which is responsible for the regulation of Class II underground injection wells under authority delegated to the OGCC by the U.S. Environmental Protection Agency (EPA). This includes overseeing the injection of oil and gas production wastes or the injection of liquids to enhance fuel recovery, as well as the inspecting and permitting of sites where these underground injections occur. Program funding comes from a federal grant through the EPA.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation-level appropriation of \$96,559 federal funds and 2.0 FTE for FY 2018-19.

RECOMMENDATION: Staff recommends approving the Department request. This funding is from a federal grant and is included in the Long Bill for informational purposes only.

OIL AND GAS CONSERVATION COMMISSION, UNDERGROUND INJECTION PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$96,559	\$0	\$0	\$0	\$96,559	2.0
TOTAL	\$96,559	\$0	\$0	\$0	\$96,559	2.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$96,559	\$0	\$0	\$0	\$96,559	2.0
TOTAL	\$96,559	\$0	\$0	\$0	\$96,559	2.0
Percentage Change	0.0%	n/a	n/a	n/a	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$96,559	\$0	\$0	\$0	\$96,559	2.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

PLUGGING AND RECLAIMING ORPHANED WELLS

This line item provides funding to plug and reclaim orphaned oil and gas well sites where there is no known responsible party or financial bonds are insufficient to fully cover the cost of reclamation. The source of funds is the Oil and Gas Conservation and Environmental Response Fund. The General Assembly increased the appropriation for this line item to \$5,011,000 in FY 2018-19 to respond to an increasing number of orphaned wells being identified and a priority from the Governor's office to address those wells. The appropriation may be spent over two fiscal years due to reclamation often only being capable in the warmer months that bridge the fiscal year. A footnote attached to the line item provides this authorization:

XX Department of Natural Resources, Oil and Gas Conservation Commission, Plugging and Reclaiming Orphaned Wells -- This appropriation shall remain available until fully expended or the close of FY 2020-21, whichever comes first.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation-level appropriation of \$5,011,000 cash funds.

RECOMMENDATION: Staff recommends approving the Department request.

OIL AND GAS CONSERVATION COMMISSION, PLUGGING AND RECLAIMING ABANDONED WELLS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$5,011,000	\$0	\$5,011,000	\$0	\$0	0.0
TOTAL	\$5,011,000	\$0	\$5,011,000	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$5,011,000	\$0	\$5,011,000	\$0	\$0	0.0
TOTAL	\$5,011,000	\$0	\$5,011,000	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$5,011,000	\$0	\$5,011,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

ENVIRONMENTAL ASSISTANCE AND COMPLAINT RESOLUTION

This line item funds environmental assistance projects such as baseline water quality studies, studies on the beneficial reuse of production wastes, remediation projects, and studies to better understand air emissions from oil and gas activities. Funding is also used for water, soil, and air sampling in response to citizen complaints, reported spills, and field investigations. This line provides funding for on-going studies and emergent issues with a direct link to protecting public safety. The source of funds is the OGCC fee calculated by 0.7 mills of production and deposited in the Oil and Gas Conservation and Environmental Response Fund established in Section 34-60-122 (5), C.R.S.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST AND RECOMMENDATION: The Department requests a continuation-level appropriation of \$312,033 cash funds.

OIL AND GAS CONSERVATION COMMISSION, ENVIRONMENTAL ASSISTANCE AND COMPLAINT RESOLUTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$312,033	\$0	\$312,033	\$0	\$0	0.0
TOTAL	\$312,033	\$0	\$312,033	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$312,033	\$0	\$312,033	\$0	\$0	0.0
TOTAL	\$312,033	\$0	\$312,033	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$312,033	\$0	\$312,033	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

EMERGENCY RESPONSE

This line item is intended to be used—if and when necessary—for emergency response. The OGCC also uses this line item to address high-risk wells that have been orphaned and require immediate reclamation work to stabilize. Prior to 2006, there were a number of emergency funding requests both during the session and during the interim. The line was created out of concern that emergency funding would be necessary during a time when the JBC was not meeting during the interim, delaying a response until the approval of an interim supplemental.

Although the Department must plan to have the full amount available each year, most is reverted back to the Response Fund. A footnote attached to the line item explains the purpose as follows:

XX Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- It is the intent of the General Assembly that this appropriation be expended if there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this appropriation is to fund investigation, prevention, monitoring, and mitigation of circumstances caused by or that are alleged to be associated with oil and gas activities and that call for immediate action by the Oil and Gas Conservation Commission.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation-level appropriation of \$750,000 cash funds for FY 2018-19.

RECOMMENDATION: Staff recommends approving the Department request plus continuation of the footnote.

OIL AND GAS CONSERVATION COMMISSION, EMERGENCY RESPONSE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$750,000	\$0	\$750,000	\$0	\$0	0.0
TOTAL	\$750,000	\$0	\$750,000	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$750,000	\$0	\$750,000	\$0	\$0	0.0
TOTAL	\$750,000	\$0	\$750,000	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$750,000	\$0	\$750,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

SPECIAL ENVIRONMENTAL PROTECTION AND MITIGATION STUDIES

The General Assembly created this line item in FY 2006-07 with an appropriation of \$500,000 cash funds from the Oil and Gas Conservation and Environmental Response Fund, but reduced funding to the current level of \$325,000 cash funds in FY 2009-10. A footnote attached to the line item explains the purpose as follows:

- XX Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies -- It is the intent of the General Assembly that funding for this line item be used for special environmental protection and mitigation studies including, but not limited to, gas seepage mitigation studies, outcrop monitoring studies, soil gas surveys in the vicinity of plugged orphaned wells, and baseline water quality and subsequent studies.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST AND RECOMMENDATION: The Department requests a continuation-level appropriation of \$325,000 cash funds. Staff recommends approving the Department request and continuation of the attached footnote.

OIL AND GAS CONSERVATION COMMISSION, SPECIAL ENVIRONMENTAL PROTECTION AND MITIGATION STUDIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$325,000	\$0	\$325,000	\$0	\$0	0.0
TOTAL	\$325,000	\$0	\$325,000	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$325,000	\$0	\$325,000	\$0	\$0	0.0
TOTAL	\$325,000	\$0	\$325,000	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$325,000	\$0	\$325,000	\$0	\$0	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the OGCC. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST AND RECOMMENDATION: The Department requests an appropriation of \$513,401 total funds. Staff recommends appropriating \$513,401 total funds, consistent with the statewide indirect cost assessment calculated by the State Controller.

OIL AND GAS CONSERVATION COMMISSION, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$544,549	\$0	\$540,819	\$0	\$3,730	0.0
TOTAL	\$544,549	\$0	\$540,819	\$0	\$3,730	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$544,549	\$0	\$540,819	\$0	\$3,730	0.0
Centrally appropriated line items	(31,148)	0	(27,418)	0	(3,730)	0.0
TOTAL	\$513,401	\$0	\$513,401	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$31,148)	\$0	(\$27,418)	\$0	(\$3,730)	0.0
Percentage Change	(5.7%)	n/a	(5.1%)	n/a	(100.0%)	n/a
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(4) STATE BOARD OF LAND COMMISSIONERS

The State Land Board manages agricultural, commercial, mineral, and other leases on state-owned lands, and is charged with generating reasonable and consistent revenue for eight trust beneficiaries over time. Total trust assets include approximately 2.8 million surface acres and 4.0 million mineral or subsurface acres. Total Land Board revenue for FY 2017-18 was \$131.8 million compared to \$119.4 million in FY 2016-17, an increase of 10.4 percent. JBC staff and Land Board staff both agree that continued growth is not expected because the numbers of properties available for lease is diminishing and one-time bonus payments on property leased for extraction activities contributed to record revenues in FY 2013-14 and FY 2014-15. Over the last ten years, oil and gas royalties and mineral bonus revenue have been responsible for nearly 80 percent of total State Land Board revenue.

The Public School Trust benefiting K-12 education is the largest of the nine trusts managed by the State Land Board, accounting for approximately 95 percent of total trust lands and 98.5 percent of total trust revenues.

The seven smaller trusts managed by the State Land Board benefit a range of entities including institutions of higher education, state parks, and the Department of Corrections. Revenues for these trusts ranged from \$12,316 to \$1.0 million in FY 2017-18, and account for the remaining 1.5 percent of total trust revenues.

STATE BOARD OF LAND COMMISSIONERS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
HB 18-1322 (Long Bill)	\$5,181,149	\$0	\$4,956,149	\$225,000	\$0	42.0
TOTAL	\$5,181,149	\$0	\$4,956,149	\$225,000	\$0	42.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$5,181,149	\$0	\$4,956,149	\$225,000	\$0	42.0
Annualize prior year salary survey	92,913	0	92,913	0	0	0.0
Annualize SB 18-200 (PERA)	8,725	0	8,725	0	0	0.0
NP DPA IDS Increased costs	159	0	159	0	0	0.0
Centrally appropriated line items	(18,485)	0	(18,485)	0	0	0.0
TOTAL	\$5,264,461	\$0	\$5,039,461	\$225,000	\$0	42.0
INCREASE/(DECREASE)	\$83,312	\$0	\$83,312	\$0	\$0	0.0
Percentage Change	1.6%	n/a	1.7%	0.0%	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$5,264,566	\$0	\$5,039,566	\$225,000	\$0	42.0
Request Above/(Below) Recommendation	\$105	\$0	\$105	\$0	\$0	0.0

DECISION ITEMS – STATE LAND BOARD (NONE)

The Department request for FY 2019-20 did not include any decision items or budget amendments that impact solely the State Land Board.

LINE ITEM DETAIL – STATE LAND BOARD

PROGRAM COSTS

This line item supports the State Land Board's administrative and operating costs. The appropriation is mostly supported by revenues earned on school trust lands from the State Land Board Trust Administration Cash Fund (Section 36-1-145 (2)(a) C.R.S.). It also includes \$75,000 cash funds from the Land and Water Management Fund, established in Section 36-1-148 (1), C.R.S., to be used for the management and improvement of state-owned lands and waters under the control of the State Land Board. This fund receives revenues from fees collected for the issuance of leases, patents, certificates of purchase, rights of way documents, and recording assignments for the making of township plats.

STATUTORY AUTHORITY: Article IX of the Colorado Constitution, Article 1 of Title 36, C.R.S., and Section 24-35-115, C.R.S.

REQUEST: The Department requests an appropriation of \$4,789,376 cash funds for 42.0 FTE.

RECOMMENDATION: Staff recommends an appropriation of \$4,789,271 cash funds for 42.0 FTE. The difference between Department request and staff recommendation is incorporating the Committee's decision on the Department of Personnel's increased costs for IDS decision item.

STATE BOARD OF LAND COMMISSIONERS, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$4,687,474	\$0	\$4,687,474	\$0	\$0	42.0
TOTAL	\$4,687,474	\$0	\$4,687,474	\$0	\$0	42.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$4,687,474	\$0	\$4,687,474	\$0	\$0	42.0
Annualize prior year salary survey	92,913	0	92,913	0	0	0.0
Annualize SB 18-200 (PERA)	8,725	0	8,725	0	0	0.0
NP DPA IDS Increased costs	159	0	159	0	0	0.0
TOTAL	\$4,789,271	\$0	\$4,789,271	\$0	\$0	42.0
INCREASE/(DECREASE)	\$101,797	\$0	\$101,797	\$0	\$0	0.0
Percentage Change	2.2%	n/a	2.2%	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$4,789,376	\$0	\$4,789,376	\$0	\$0	42.0
Request Above/(Below) Recommendation	\$105	\$0	\$105	\$0	\$0	0.0

PUBLIC ACCESS PROGRAM DAMAGE AND ENHANCEMENT COSTS

The General Assembly created this line item in FY 2010-11 to reflect expenditures associated with the Public Access Program, a collaborative effort with the Division of Parks and Wildlife (CPW). CPW leases approximately 550,000 acres from the State Land Board for public access hunting and fishing. The program generates around \$900,000 per year for the Land Board, which spends approximately 25.0 percent of that funding on access improvements, damage repairs, and property enhancement for public access properties. The funds are classified as reappropriated funds in the State Land Board's budget.

STATUTORY AUTHORITY: Article IX of the Colorado Constitution and Article 1 of Title 36, C.R.S.

REQUEST AND RECOMMENDATION: The Department requests a continuation-level appropriation of \$225,000. Staff recommends approving the Department's request.

STATE BOARD OF LAND COMMISSIONERS, PUBLIC ACCESS PROGRAM DAMAGE AND ENHANCEMENT COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$225,000	\$0	\$0	\$225,000	\$0	0.0
TOTAL	\$225,000	\$0	\$0	\$225,000	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$225,000	\$0	\$0	\$225,000	\$0	0.0
TOTAL	\$225,000	\$0	\$0	\$225,000	\$0	0.0
Percentage Change	0.0%	n/a	n/a	0.0%	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$225,000	\$0	\$0	\$225,000	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects indirect cost assessments to cash funds within the State Land Board. The Department uses indirect cost recoveries to offset General Fund that would otherwise be required to pay for centralized services provided by the Executive Director's Office.

REQUEST AND RECOMMENDATION: The Department requests an appropriation of \$250,190 cash funds. Staff recommends approving the Department request, consistent with the statewide indirect cost assessment calculated by the State Controller.

STATE BOARD OF LAND COMMISSIONERS, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
HB 18-1322 (Long Bill)	\$268,675	\$0	\$268,675	\$0	\$0	0.0
TOTAL	\$268,675	\$0	\$268,675	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$268,675	\$0	\$268,675	\$0	\$0	0.0
Centrally appropriated line items	(18,485)	0	(18,485)	0	0	0.0
TOTAL	\$250,190	\$0	\$250,190	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$18,485)	\$0	(\$18,485)	\$0	\$0	0.0
Percentage Change	(6.9%)	n/a	(6.9%)	n/a	n/a	n/a
FY 2019-20 EXECUTIVE REQUEST	\$250,190	\$0	\$250,190	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **CONTINUING AND MODIFYING** the following Long Bill footnotes:

- XX Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Legacy Mine Hydrology Projects -- This appropriation shall remain available until the completion of the project or the close of FY ~~2020-21~~ 2021-22, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Severance Tax Operational Fund, from which this appropriation was made.

COMMENT: This footnote provides roll-forward authority at the end of the fiscal year.

- XX Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Reclamation of Forfeited Mine Sites -- This appropriation shall remain available until the completion of the project or the close of FY ~~2020-21~~ 2021-22, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Severance Tax Operational Fund, from which the transfer to the special account in the General Fund created in Section 34-32-122 (1)(a), C.R.S., was made.

COMMENT: This footnote provides roll-forward authority at the end of the fiscal year.

- XX Department of Natural Resources, Oil and Gas Conservation Commission, Plugging and Reclaiming Orphaned Wells -- This appropriation shall remain available until fully expended or the close of FY ~~2019-20~~ 2020-21, whichever comes first.

COMMENT: This footnote provides roll-forward authority at the end of the fiscal year.

Staff recommends **CONTINUING** the following footnotes:

- XX Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- It is the intent of the General Assembly that this appropriation be expended if there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this appropriation is to fund investigation, prevention, monitoring, and mitigation of circumstances caused by or that are alleged to be associated with oil and gas activities and that call for immediate action by the Oil and Gas Conservation Commission.

COMMENT: This footnote sets forth the purpose, conditions, and limitations of the line item. The JBC created the Emergency Response line item in FY 2006-07 to be used, if and when necessary, for emergency response. The appropriation was approved due to a concern that emergency funding would be necessary during a time when the JBC may not yet be meeting during the interim (and thus would have to wait for an interim supplemental, delaying the

Department's ability to respond adequately). Funding is from the Oil and Gas Conservation and Environmental Response Fund.

- XX Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies -- It is the intent of the General Assembly that funding for this line item be used for special environmental protection and mitigation studies including, but not limited to, gas seepage mitigation studies, outcrop monitoring studies, soil gas surveys in the vicinity of plugged orphaned wells, and baseline water quality and subsequent studies.

COMMENT: This footnote sets forth the purpose, conditions, and limitations of the line item. The JBC created this line item in FY 2006-07 and funded it with an initial appropriation of \$500,000 cash funds. Examples of projects include gas seep mitigation, soil gas surveys near orphaned wells, and water quality studies near development sites.

REQUESTS FOR INFORMATION

Staff recommends **CONTINUING** the following request for information:

- X Department of Natural Resources, Division of Reclamation Mining and Safety, Emergency Response Costs -- The Division of Reclamation, Mining, and Safety is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- X Department of Natural Resources, Oil and Gas Conservation Commission, Plugging and Reclaiming Abandoned Wells -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- X Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- X Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- X Department of Natural Resources, Oil and Gas Conservation Commission, Program Costs -- The Department of Natural Resources is requested to include in its annual budget request a report on the performance of the risk-based inspection program. The report should provide information on the activities of the Facilities Integrity group, the inspection of process piping and flowlines, and the metrics used to measure the performance and effectiveness of the Facilities Integrity program.

INDIRECT COST ASSESSMENTS

The Department's Indirect Cost plan is discussed in the Figure Setting document that includes recommendations for the Executive Director's Office for the Department of Natural Resources.

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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DEPARTMENT OF NATURAL RESOURCES
Dan Gibs, Executive Director

(2) DIVISION OF RECLAMATION, MINING, AND SAFETY

Primary Functions: Provides regulation and enforcement related to the development and reclamation of mining sites. Primary sources of cash funds are fees on metal and aggregate mining operations and the severance tax.

(A) Coal Land Reclamation

Program Costs	<u>2,260,134</u>	<u>2,228,653</u>	<u>2,091,993</u>	<u>2,147,453</u>	<u>2,047,124</u> *
FTE	17.9	16.3	20.0	20.0	20.0
Cash Funds	440,302	400,041	448,645	460,148	460,052
Federal Funds	1,819,832	1,828,612	1,643,348	1,687,305	1,587,072
Indirect Cost Assessment	<u>158,631</u>	<u>94,313</u>	<u>108,517</u>	<u>105,411</u>	<u>105,411</u>
Cash Funds	26,050	21,551	22,789	22,136	22,136
Federal Funds	132,581	72,762	85,728	83,275	83,275
SUBTOTAL - (A) Coal Land Reclamation	2,418,765	2,322,966	2,200,510	2,252,864	2,152,535
FTE	<u>17.9</u>	<u>16.3</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
Cash Funds	466,352	421,592	471,434	482,284	482,188
Federal Funds	1,952,413	1,901,374	1,729,076	1,770,580	1,670,347

(B) Inactive Mines

Program Costs	<u>1,362,648</u>	<u>1,525,448</u>	<u>1,892,035</u>	<u>1,944,216</u>	<u>1,944,216</u>
FTE	16.3	5.5	16.3	16.3	16.3
Cash Funds	541,720	547,691	624,345	629,374	629,374
Federal Funds	820,928	977,757	1,267,690	1,314,842	1,314,842

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
Legacy Mine Hydrology Projects	<u>549,204</u>	<u>215,290</u>	<u>384,636</u>	<u>384,636</u>	<u>384,636</u>
FTE	1.2	0.3	1.2	1.2	1.2
Cash Funds	549,204	215,290	384,636	384,636	384,636
Reclamation of Forfeited Mine Sites	<u>187,422</u>	<u>634</u>	<u>121,162</u>	<u>121,162</u>	<u>121,162</u>
FTE	0.3	0.3	0.3	0.3	0.3
Cash Funds	187,422	634	121,162	121,162	121,162
Indirect Cost Assessment	<u>137,297</u>	<u>87,506</u>	<u>117,665</u>	<u>125,345</u>	<u>125,345</u>
Cash Funds	15,991	7,525	8,955	24,701	24,701
Federal Funds	121,306	79,981	108,710	100,644	100,644
SUBTOTAL - (B) Inactive Mines	2,236,571	1,828,878	2,515,498	2,575,359	2,575,359
FTE	<u>17.8</u>	<u>6.1</u>	<u>17.8</u>	<u>17.8</u>	<u>17.8</u>
Cash Funds	1,294,337	771,140	1,139,098	1,159,873	1,159,873
Federal Funds	942,234	1,057,738	1,376,400	1,415,486	1,415,486
(C) Minerals					
Program Costs	<u>2,199,434</u>	<u>2,125,486</u>	<u>2,279,205</u>	<u>2,341,423</u>	<u>2,341,423</u>
FTE	20.1	3.7	23.0	23.0	23.0
Cash Funds	2,199,434	2,125,486	2,279,205	2,341,423	2,341,423
Indirect Cost Assessment	<u>110,704</u>	<u>100,333</u>	<u>121,734</u>	<u>112,839</u>	<u>112,839</u>
Cash Funds	110,704	100,333	121,734	112,839	112,839
SUBTOTAL - (C) Minerals	2,310,138	2,225,819	2,400,939	2,454,262	2,454,262
FTE	<u>20.1</u>	<u>3.7</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
Cash Funds	2,310,138	2,225,819	2,400,939	2,454,262	2,454,262

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
(D) Mines Program					
Colorado and Federal Mine Safety Program	<u>626,599</u>	<u>589,868</u>	<u>545,071</u>	<u>551,261</u>	<u>551,261</u>
FTE	3.1	3.0	4.0	4.0	4.0
Cash Funds	350,192	298,923	355,426	361,616	361,616
Federal Funds	276,407	290,945	189,645	189,645	189,645
Blaster Certification Program	<u>127,679</u>	<u>106,654</u>	<u>114,302</u>	<u>120,635</u>	<u>120,635</u>
FTE	1.0	1.0	1.0	1.0	1.0
Cash Funds	23,534	22,280	23,851	28,092	28,092
Federal Funds	104,145	84,374	90,451	92,543	92,543
Indirect Cost Assessment	<u>17,732</u>	<u>12,973</u>	<u>17,762</u>	<u>18,701</u>	<u>18,701</u>
Cash Funds	7,518	5,646	11,496	8,974	8,974
Federal Funds	10,214	7,327	6,266	9,727	9,727
SUBTOTAL - (D) Mines Program	772,010	709,495	677,135	690,597	690,597
FTE	<u>4.1</u>	<u>4.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Cash Funds	381,244	326,849	390,773	398,682	398,682
Federal Funds	390,766	382,646	286,362	291,915	291,915
(E) Emergency Response Costs					
Emergency Response Costs	<u>97,558</u>	<u>648</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Cash Funds	97,558	648	100,000	100,000	100,000
SUBTOTAL - (E) Emergency Response Costs	97,558	648	100,000	100,000	100,000
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	97,558	648	100,000	100,000	100,000

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
TOTAL - (2) Division of Reclamation, Mining, and Safety	7,835,042	7,087,806	7,894,082	8,073,082	7,972,753
<i>FTE</i>	<u>59.9</u>	<u>30.1</u>	<u>65.8</u>	<u>65.8</u>	<u>65.8</u>
Cash Funds	4,549,629	3,746,048	4,502,244	4,595,101	4,595,005
Federal Funds	3,285,413	3,341,758	3,391,838	3,477,981	3,377,748

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(3) OIL AND GAS CONSERVATION COMMISSION

Primary functions: Fostering and regulating development of oil and gas natural resources in a manner consistent with the protection of public health, safety, and welfare. Cash funds are from the Oil and Gas Conservation and Environmental Response Fund and the severance tax.

Program Costs	<u>9,051,684</u>	<u>9,585,122</u>	<u>11,011,418</u>	<u>12,775,840</u>	<u>12,775,727</u> *
FTE	99.5	102.2	114.3	130.3	130.3
Cash Funds	9,051,684	9,585,122	11,011,418	12,775,840	12,775,727
Underground Injection Program	<u>77,462</u>	<u>0</u>	<u>96,559</u>	<u>96,559</u>	<u>96,559</u>
FTE	2.0	0.0	2.0	2.0	2.0
Federal Funds	77,462	0	96,559	96,559	96,559
Plugging and Reclaiming Abandoned Wells	<u>441,339</u>	<u>415,003</u>	<u>5,011,000</u>	<u>5,011,000</u>	<u>5,011,000</u>
Cash Funds	441,339	415,003	5,011,000	5,011,000	5,011,000
Environmental Assistance and Complaint Resolution	<u>191,321</u>	<u>245,294</u>	<u>312,033</u>	<u>312,033</u>	<u>312,033</u>
Cash Funds	191,321	245,294	312,033	312,033	312,033
Emergency Response	<u>0</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Cash Funds	0	750,000	750,000	750,000	750,000
Special Environmental Protection and Mitigation					
Studies	<u>163,151</u>	<u>88,462</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>
Cash Funds	163,151	88,462	325,000	325,000	325,000
Indirect Cost Assessment	<u>497,549</u>	<u>464,426</u>	<u>544,549</u>	<u>513,401</u>	<u>513,401</u>
Cash Funds	492,010	464,426	540,819	513,401	513,401
Federal Funds	5,539	0	3,730	0	0

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
TOTAL - (3) Oil and Gas Conservation					
Commission	10,422,506	11,548,307	18,050,559	19,783,833	19,783,720
<i>FTE</i>	<u>101.5</u>	<u>102.2</u>	<u>116.3</u>	<u>132.3</u>	<u>132.3</u>
Cash Funds	10,339,505	11,548,307	17,950,270	19,687,274	19,687,161
Federal Funds	83,001	0	100,289	96,559	96,559

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(4) STATE BOARD OF LAND COMMISSIONERS

Primary Functions: Manages 2.8 million surface acres and 4.0 million mineral acres of state trust lands for the benefit of 8 public trusts, the largest of which is the K-12 School Trust. Cash Funds are from the Trust Administration Fund. Reappropriated funds are from the Division of Parks and Wildlife.

Program Costs	<u>4,541,297</u>	<u>4,536,948</u>	<u>4,687,474</u>	<u>4,789,376</u>	<u>4,789,271</u> *
FTE	39.0	40.3	42.0	42.0	42.0
Cash Funds	4,541,297	4,536,948	4,687,474	4,789,376	4,789,271
Public Access Program Damage and Enhancement					
Costs	<u>203,840</u>	<u>144,503</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
Reappropriated Funds	203,840	144,503	225,000	225,000	225,000
Indirect Cost Assessment	<u>223,835</u>	<u>325,861</u>	<u>268,675</u>	<u>250,190</u>	<u>250,190</u>
Cash Funds	223,835	325,861	268,675	250,190	250,190

TOTAL - (4) State Board of Land Commissioners	4,968,972	5,007,312	5,181,149	5,264,566	5,264,461
FTE	<u>39.0</u>	<u>40.3</u>	<u>42.0</u>	<u>42.0</u>	<u>42.0</u>
Cash Funds	4,765,132	4,862,809	4,956,149	5,039,566	5,039,461
Reappropriated Funds	203,840	144,503	225,000	225,000	225,000

TOTAL - Department of Natural Resources	23,226,520	23,643,425	31,125,790	33,121,481	33,020,934
FTE	<u>200.4</u>	<u>172.6</u>	<u>224.1</u>	<u>240.1</u>	<u>240.1</u>
Cash Funds	19,654,266	20,157,164	27,408,663	29,321,941	29,321,627
Reappropriated Funds	203,840	144,503	225,000	225,000	225,000
Federal Funds	3,368,414	3,341,758	3,492,127	3,574,540	3,474,307



JBC Staff FY 2019-20 Figure Setting Department of Natural Resources

**(Division of Reclamation, Mining, and Safety, Oil and Gas
Conservations Commission, State Board of Land Commissioners, and
Severance Tax Policy)**

**Presented by:
Scott Thompson, JBC Staff
February 20, 2019**

Divisions Included in Staff Figure Setting Document

Division of Reclamation,
Mining, and Safety
(Page 12)

Oil and Gas Conservation
Commission
(Page 24)

State Board of Land
Commissioners
(Page 31)

Overview

Staff Recommendation

\$33.0 million total funds

\$0 General Fund

240.1 FTE

Department Request

\$33.1 million total funds

\$0 General Fund

240.1 FTE

2 Department Requested Changes
1 Staff-initiated Change to FY 2019-20

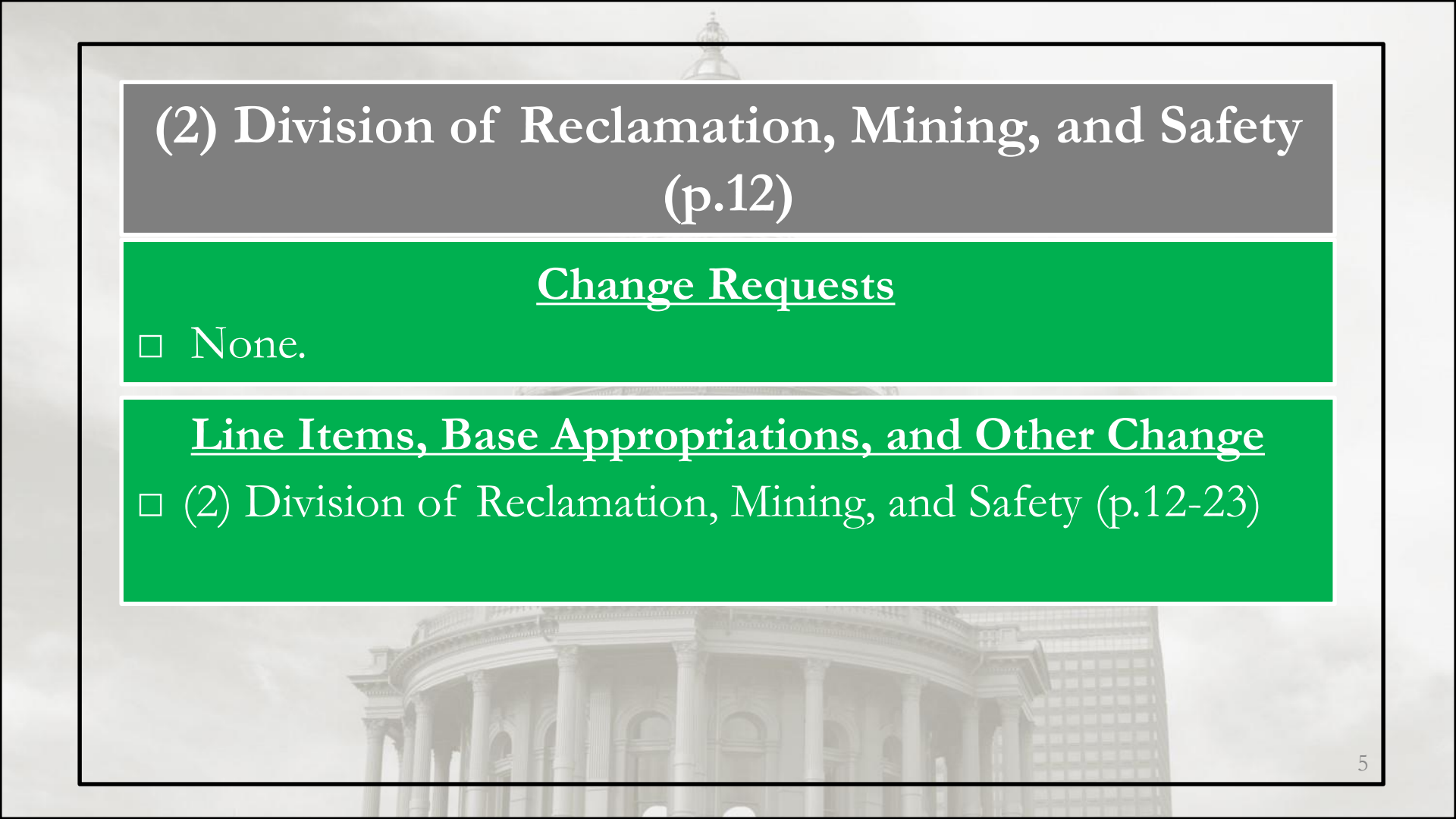
Decision Items Affecting Multiple Divisions (p.4)

Change Requests

- ❑ Combined R2 Additional staffing to address oil and gas backlogs and BA2 Additional oil and gas field inspectors and support staff (pg. 4)

Informational Issues

- ❑ Anticipated Severance Tax revenue for Operational Fund Programs (pg. 8)



(2) Division of Reclamation, Mining, and Safety (p.12)

Change Requests

- None.

Line Items, Base Appropriations, and Other Change

- (2) Division of Reclamation, Mining, and Safety (p.12-23)



(3) Oil and Gas Conservation Commission (p.24)

Change Requests

☐ None.

Line Items, Base Appropriations, and Other Changes

☐ (3) Oil and Gas Conservation Commission (p.24-30)



(4) State Board of Land Commissioners (p.31)

Change Requests

☐ None.

Line Items, Base Appropriations, and Other Changes

☐ (4) State Board of Land Commissioners (p.31-33)

Long Bill Footnotes and RFIs (p.34)

Long Bill Footnotes

- 5 Recommendations (p.34)

Requests for Information

- 5 Recommendations (p.35)



JBC Staff FY 2019-20 Figure Setting Department of Natural Resources

**(Division of Reclamation, Mining, and Safety, Oil and Gas
Conservations Commission, State Board of Land Commissioners, and
Severance Tax Policy)**

**Presented by:
Scott Thompson, JBC Staff
February 20, 2019**